



BMMP Business Management Modernization Program

MID 920: Implementing Integrated DoD Financial Management Systems

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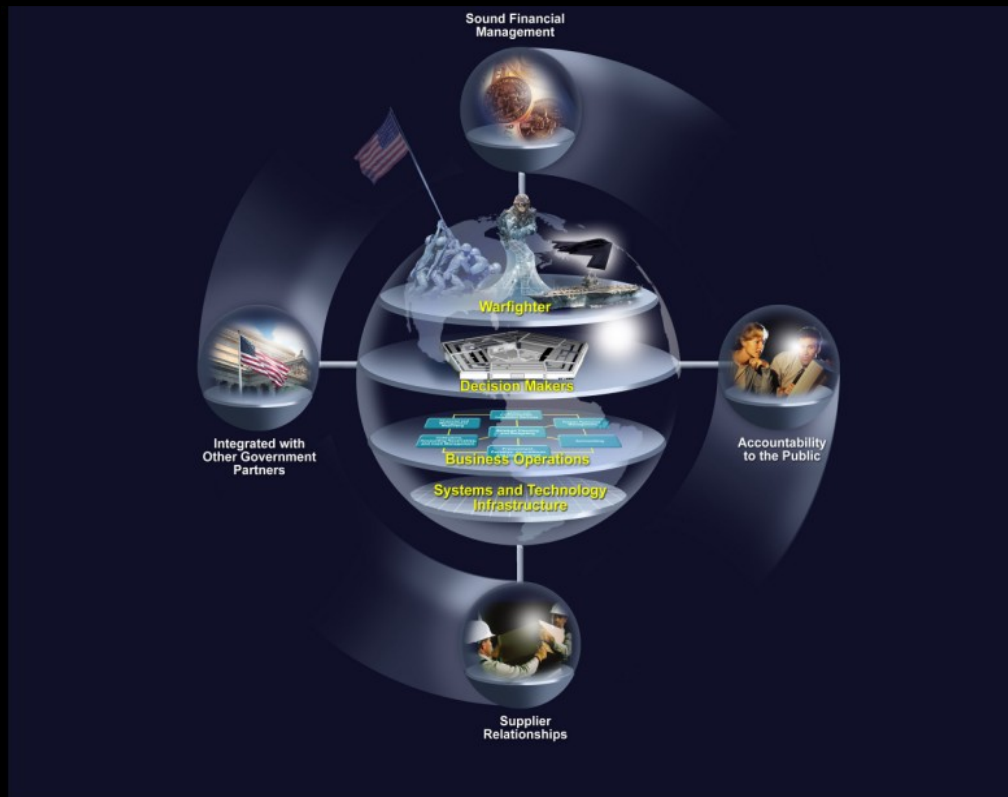
**Arming the Warfighter
Through Business Improvement**

www.dod.mil/comptroller/bmmp





Why Change?



World-Class Business Operations in Support of the Warfighter

“Transformation ... means shifting resources from bureaucracy to the battlefield. Streamlining and modernizing is a matter of life and death, because our job is defending America as well as is humanly possible.”

-- Secretary of Defense Donald H. Rumsfeld on DoD

Transformation, Town Hall Meeting



Toward an Integrated Business Environment and Improved Financial Management

BMMP Focus: Implement a modern, net-centric DoD business environment that supports the Warfighter's needs

Increment 1

- **Achieve unqualified audit opinion** for consolidated DoD financial statements, including related processes to achieve asset accountability and address other material weaknesses
- **Achieve total personnel visibility** to include: military service members, civilian employees, military retirees, and other US personnel in a theater of operations (including contractors and other federal employees)

Increment 2

- Align acquisition practices with government and industry best practice benchmarks
- Achieve total asset visibility and accurate valuation of assets (includes operating, materials and supplies; inventory and property; plant and equipment)
- Enhance force management through position accountability and visibility (military and civilian)
- Improve military healthcare delivery through a more efficient healthcare claims system, more accurate patient diagnostic coding, and joint medical material asset visibility
- Improve environmental safety and occupational health

Increment 3

- Implement Planning, Programming, Budgeting and Execution (PPBE) process improvements in accordance with Joint Defense Capabilities Study recommendations for a capabilities-based PPBE process
- Achieve integrated total force management
- Improve installation management



Acc & Fin Domain

► **Our Charter ...**

One of six Domains and a mission area developed to work collaboratively to expand the Business Enterprise Architecture

► **Our Role ...**

Serve as the primary agent for the transformation of finance, accounting operations, and financial management functional processes

► **Our Vision ...**

Includes the standardization of DoD financial information structure and management business rules, processes, and procedures compliant with authoritative guidance established by the Federal Accounting Standards Advisory Board (FASAB), US Treasury Department, and Office of Management & Budget



The Framework: New Rules, New Tools

- ▶ **Core Finance and Accounting Processes**
Define core finance and accounting processes that support DoD-wide business management
- ▶ **U.S. Standard General Ledger**
Define USSGL postings for DoD business events
- ▶ **Standard Financial Information Structure (SFIS)**
Define data attributes needed to support budgeting, cost management, performance measurement, and external reporting requirements
- ▶ **Managerial Cost Accounting**
Define how accepted cost accounting methodologies from SFFAS #4 may be applied to DoD business areas. Cost accounting structure is an extension of the SFIS



Why Corporate Integration of FM Systems?

- ▶ **Standardize on SFIS and USSGL for Department-wide consistency and management visibility at the transaction level**
- ▶ **Prepare annual financial statements that fully disclose financial data, including full cost of DoD programs and activities (compliance with CFO Act of 1990)**
- ▶ **Comply with Federal Financial Management Requirements (FFMRs), federal accounting standards, JFMIP, and BEA**

An integrated financial system must provide complete, timely, and accurate financial management information on operations that enable decision-makers to carry out their fiduciary responsibilities ... and deliver efficient and effective programs by relating financial consequences to program performance.

-- OMB Circular A-127



Statutory Requirements for DoD Core Acc & Fin Systems

► ***It's the Law ...***

Mandates compliance certification for DoD FM and mixed system investments over \$1 million

- **PL 107-314, Sec. 1004**

- **PL 108-87, Sec. 8084**

► **Institutes a discipline of enterprise architecture-driven FM systems**

- **BEA must drive system selection**

- **Requirements are driven by the business of defense and the strategy of netcentric information and interoperable systems**

► **MID 920 ensures Components' core Acc & Fin replacement systems use USSGL and JFMIP-certified software**



DoD to Fulfill Federal Fiscal Management Responsibility

- ▶ **CFO Act of 1990:** Integrated FM systems supporting DoD accounting needs are key to effective financial management
- ▶ **FFMIA of 1996:** *ALL* Federal agencies to comply
 - Implement/maintain systems that meet Federal FM system requirements (JFMIP)
 - Support Federal accounting standards (FASAB)
 - Apply USSGL at the transaction level
- ▶ **OMB**
 - Use COTS JFMIP-certified software for replacement of core FM systems (A-127)

USSGL The cornerstone
of financial systems
Standard General Ledger



Page 9



Core Acc & Fin Systems Integration Strategy

- ▶ **Realize significant cost savings by eliminating interfaces**
 - Data shows between \$100-\$500K spent per system interface
- ▶ **Standardize interfaces**
 - Avoid creating the “next generation of cross-walks” by reusing standard interfaces
 - Achieve interoperability/seamless integration
- ▶ **Ensure core accounting systems are USSGL and JFMIP compliant (MID 920)**
 - Reuse “generic” COTS code so systems can talk to one another
- ▶ **Leverage core capabilities already existing within the Acc & Fin portfolio**
 - Reuse programs that have core accounting capabilities deployable across DoD
- ▶ **Follow DoD guiding principle of reuse, buy, build**
 - Leverage enterprise purchasing power/reduce procurement costs





How is Acc & Fin implementing USSGL across DoD?

- ▶ **Standardization/compatibility of DoD-wide FM systems with USSGL process**
- ▶ **DoD USSGL Library**
 - **Developing library of DoD standard accounting transactions**
 - **Using library as baseline to institutionalize USSGL across Components**
 - **Defining each specific accounting transaction that results from a business event (e.g., ordering depot level repair parts)**
- ▶ **Standard Financial Information Structure (SFIS)**
 - **A comprehensive, standard “business language” that defines financial information that supports all DoD-wide budget, cost/performance management, and external reporting requirements**
- ▶ **Initial SFIS and USSGL Library favorably received by OMB, DoD IG, and Treasury**



Accounting and Finance Systems

- ▶ **MID 920: Currently two new Acc & Fin-sponsored core systems in development to ensure USSGL-compliance**
 - **DEAMS - Defense Enterprise Accounting Management System**
 - **GFEBS - General Fund Enterprise Business System**
 - **Program offices to coordinate with Domains to ensure DEAMS/GFEBS compatibility with other applicable systems**
- ▶ **MID 920: Standardizing core Acc & Fin systems across DoD**
 - **Not pursue/obligate resources on any USSGL-compliant core system until DEAMS and GFEBS are demonstrated effective**
 - **Must consider DEAMS/GFEBS, complying with open competition policies, when analyzing alternatives for new core systems**
- ▶ **MID 920: Subsidiary financial systems, transaction processing systems, and mixed systems**
 - **Use USSGL and meet JFMIP requirements for functional area**



Accounting and Finance Systems (con't)

- ▶ **Acquisition strategies/contractual vehicles structured to enable Components to leverage DoD-wide software licensing (ESI)**
 - JFMIP-certification-approved configuration to be installed with software
 - Government to own system configuration items
 - Components can use software products procured under DEAMS and GFEBS programs
- ▶ **Using JCIDS process and incremental/modular implementation**
 - ICD reflects required capabilities in BEA 2.2 to implement transformation for Acc & Fin and SPB Domains
- ▶ **Additional six BEA-certified Acc & Fin systems**
 - BSM, Navy ERP, LMP, GCSS-Army, NSA ERP, DFAS eBiz



DEAMS

- ▶ **One integrated system to process and record all budgetary, accounting, and vendor pay transactions**
 - **Joint initiative (USTRANSCOM, Air Force, and DFAS)**
- ▶ **COTS solution**
- ▶ **Incremental deployment schedule:**
 - **1.1 - Scott AFB (USTRANSCOM, AMC HQ, other Scott tenants)**
 - **1.2 - Remaining USTRANSCOM components**
 - **2 - Air Force**
 - **3 - Other DoD agencies**



GFEBS

- ▶ **New core FM capability to administer general fund accounting ... eliminating many feeder systems and need for costly interfaces**
- ▶ **Provide six core financial management functions:**
 - General ledger • Funds distribution
 - Accounts payable • Cost accounting
 - Accounts receivable • Financial reporting
- ▶ **Envisioned functions:**
 - Budgeting • Real property accountability
- ▶ **Provide web-based, online, real-time transaction and information capability**
- ▶ **Be accessible to the Installation Management Agency (IMA), Army National Guard, US Army Reserve, and all Army organizations world-wide, excluding Army Corps of Engineers**



What does MID 920 mean to you?

- ▶ **All Components that operate *core* Acc & Fin systems shall plan, program, and budget to implement USSGL-compliant systems**
 - **Include resources in FY06-11 BES**
- ▶ **If no USSGL-compliant *core* system in place or approved for development now, then:**
 - **Determine your requirements based on BEA**
 - **Assess capabilities of DEAMS and GFEBS**
 - **Clean up and validate existing financial data**
- ▶ **Current proposed COTS systems must comply with BEA as it evolves**



What does MID 920 mean to you? (con't)

► **Non-Core Acc & Fin Systems**

- **Subsidiary financial systems, transaction processing systems, and mixed systems must use USSGL and meet JFMIP requirements for the functional area**
 - Achieving compliance will be handled through Acc & Fin SCR process
 - SCR process focuses on ensuring BEA compliance and addressing one or more material weakness and Increment 1 objectives



Getting to an Unqualified Audit Opinion on FY07 Financial Statements

Start Now!

- ▶ **Clean up and validate accounting and financial data in support of your financial improvement initiative to achieve FY07 unqualified audit opinion on statements**
- ▶ **Analyze what changes you need to make to existing systems and processes to support the Mid-Range Financial Improvement Plan**
- ▶ **Plan early to schedule your assessment of SCRs that directly support your financial improvement initiative**
- ▶ **Analyze and budget for software and system integration services for POM 06 and 07**
- ▶ **Begin developing your change management strategy**



For Those We Serve ...



For more information, please contact
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